

AR51

annual report - 1968

Sub

Dravo

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annual report • 1968

DRAVO CORPORATION • PITTSBURGH, PENNSYLVANIA

highlights

	1968	1967
Revenue (work completed)	\$246,024,000	\$265,258,000
Net income	7,851,000	7,532,000
Earnings per share	\$3.62	\$3.53
Dividends paid per common share	1.20	1.00
Backlog—to be reported as revenue	\$375,000,000	\$353,000,000
—to be performed	229,000,000	160,000,000
Working capital	\$ 42,595,000	\$ 20,654,000
Long-term debt	27,540,000	10,763,000
Shareholders' equity	70,867,000	65,451,000
Book value per share	\$32.63	\$30.28
Capital expenditures	\$ 9,545,000	\$ 8,673,000
Depreciation	6,106,000	6,329,000
Property, plant, equipment—net book value	61,821,000	59,278,000
Common shares outstanding at year end	2,142,509	2,120,039
Shareholders at year end	4,594	3,790
Employees at year end	6,983	6,351

growth

	1964-68 Annual Average (millions)	1959-63 Annual Average (millions)	Change
Revenue (work completed)	\$189.5	\$106.7	+ 78%
Net income	5.8	2.5	+132%
Backlog—to be reported as revenue	342.4	113.2	+202%
—to be performed	201.8	81.0	+149%



to our shareholders:

Highlights of 1968—our 77th year—were record earnings for the second consecutive year, listing of Dravo common shares on the New York Stock Exchange and a substantial increase in bookings of new business.

Earnings up • Earnings of \$3.62 per common share were above 1967's record high of \$3.53, restated to include financial results of Hastings Industries, Inc., which was acquired in 1968. Reflecting improved profit margins, this increase was achieved on revenue of \$246,024,000, about seven per cent lower than the \$265,258,000 reported in 1967. The 10 per cent surtax reduced earnings by 26 cents per share.

Backlog higher • Improved bookings of new business throughout 1968 brought backlog of work yet to be reported as revenue up to \$375

million at December 31, compared with \$353 million at the end of 1967. This is the second highest year-end backlog in the history of the company. It includes \$229 million of work still to be performed on uncompleted contracts, compared with \$160 million a year earlier.

Dividend increased • Following a 2-for-1 common stock split in December, 1967, the Board of Directors, in January, 1968, increased the quarterly dividend rate from 25 to 30 cents per share. In January, 1969, the Directors voted another increase in the dividend, from 30 to 35 cents per share. This is the sixth year, of the past seven, in which the quarterly dividend rate has been increased, rising from 15½ cents per share in 1963 to 35 cents in 1969.

Shares listed on the New York Stock Exchange • On July 11, 1968, trading of Dravo common shares began on the New York Stock Exchange. Ticker symbol is DRV. We made this move to provide shareholders with the best possible market for their stock. In addition, it should facilitate the raising of new capital when necessary and make our stock a more attractive currency for future acquisitions. We also expanded our financial communications program in order to keep shareholders and the investing public better informed regarding the company's activities. The number of shareholders increased from 3,790 on December 31, 1967 to 4,594 on December 31, 1968.

Company acquired • In line with our long-range acquisition plans, we acquired Hastings Industries, Inc., Omaha, Nebraska, for 77,777 shares of Dravo common stock, in exchange for all the issued and outstanding common stock of Hastings. In 1968, Hastings' revenue was \$5.8 million. The firm, employing about 250 people, makes gas-fired suspended unit heaters and duct furnaces for the commercial market. The Hastings' product line complements the Dravo line of industrial heating, air conditioning and ventilating equipment.

Acquisition program accelerated • A new executive position—vice president, corporate development—was established late in the year. Included in the duties of this position will be responsibility for planning, guiding and coordinating our acquisition program. Efforts are being directed to the manufacturing and service fields, but we are not excluding other areas of interest. We are looking particularly for situations that would complement or augment existing activities.

Equipment and facilities added • Capital expenditures of \$9.5 million compare with \$8.7 million in 1967. Additions to the Union Barge Line fleet and new equipment for our construction operations accounted for 65 per cent of the outlay. Additional pipe fabrication capacity was added by purchase of a 24,000-square-foot plant in Charlotte, North Carolina. A new office building was completed at our pipe fabrication facility in Marietta, Ohio, where we have tripled our investment in property, plant and equipment in the past three years.

A new building on Neville Island increased office space by 25 per cent at that location, and the Research Center placed its expanded facilities into operation. Some 600 employees—headquarters and certain operations personnel—moved into seven floors of One Oliver Plaza, a new high-rise office building in downtown Pittsburgh.

Growth continues • Average annual revenue during the past five years was 78 per cent above that of the previous five-year period. Net income, on the same basis, was up 132 per cent. We see growth potential in almost all of the markets we serve—notably process engineering and construction, mine development, electric power generation, materials handling, water and waste treatment and rapid transit. With the end of the Vietnam War, we would expect an upsurge in public works construction.

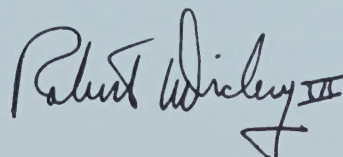
New technologies developed • We have been endeavoring to extend our process capabilities

into other fields. Heretofore they have been largely oriented to the iron ore mining and steel industries. A major breakthrough came in 1968 with contracts for several multi-million dollar projects involving design, engineering and/or construction services for processing nickel, lead and coal. Our new Water & Waste Treatment Department offers a broad systems approach to the problems of pollution control. A new study contract covers water supply and treatment requirements for a large integrated steel mill. Design innovations contributed to a continued high level of new orders for bulk materials handling equipment.

Geographic coverage broadened • Until the last few years, much of our activity was concentrated in the eastern United States and along the Mississippi River System. Today we are performing work in all parts of the United States, in Canada and in many other countries. We have licensed seven foreign firms to manufacture Dravo materials handling equipment abroad. In 1968, we received a contract involving engineering services for a nickel mining and refinery complex in Guatemala. We also obtained our first heavy construction job outside North America, a flood control and irrigation dam in Australia. We are strengthening the organization of our subsidiary on that continent to take advantage of the opportunities there. An on-the-site, in-depth evaluation of business potential in South and Central America is under way.

Long-range outlook good • With our large backlog, we expect to maintain the current high level of activity in 1969. Our five-year plan provides for an increase in revenues to a level of \$400 million, through internal development and acquisitions.

We gratefully acknowledge the support of our shareholders, and the commitment of the almost 7,000 employees upon whose efforts our progress depends.

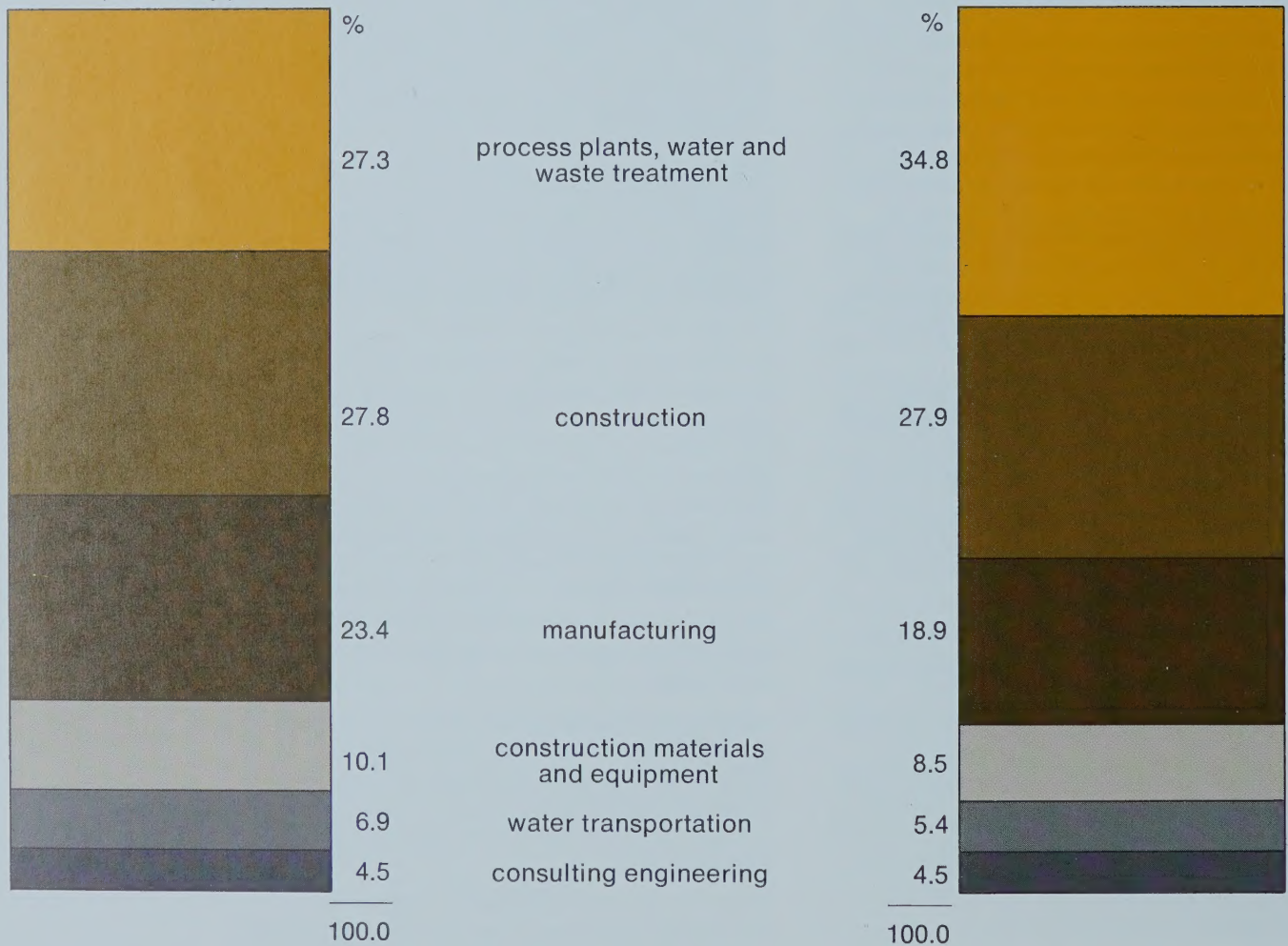


ROBERT DICKEY III, PRESIDENT

DRAVO CORPORATION CONSOLIDATED REVENUE

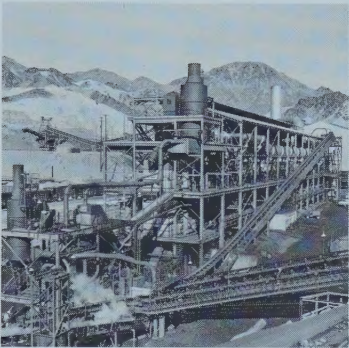
1964-68
\$189 MILLION
(annual average)

1968
\$246 MILLION



The chart on the left shows the relative proportion of average annual revenue (1964-68) derived from the six major categories of Dravo's business over the past five years. A comparison with 1968 is shown at the right.

1968 operations review



process plants and facilities

During the year, significant progress was made in adapting our process technology to the non-ferrous metals and minerals fields. Capabilities include beneficiation and agglomeration of ore as well as metals smelting and refining. This broadens the base of our engineering construction operations, which have been largely oriented to the iron ore and steel industries. As needed, we are adding technical personnel with backgrounds in specialized fields.

Two major contracts are under way for The International Nickel Company of Canada, Limited. One is for a converter plant in Ontario incorporating special non-ferrous oxygen techniques developed by Inco. The converter plant will be part of an \$85-million refinery that will produce 125 million pounds of high purity nickel pellets and powders annually. The other contract, obtained from Exploraciones y Explotaciones Mineras Izabel, S.A. (Exmibal), an Inco subsidiary, calls for detail engineering for a \$180-million nickel mining and processing complex in Guatemala. Engineering for mining and processing facilities, power plant, docks, overland materials handling system and other support elements, as well as such services as purchasing, expediting, coordination of site work and site engineering, are included in this job.

Our first process contract for the coal industry is for the design and construction of a complete coal preparation and handling facility. A new flow scheme developed by our technical staff will increase operating efficiency. Two other projects for the coal industry involve construction of pilot plants.

Other opportunities to expand our activity in the non-ferrous field are being explored. These include beneficiation, agglomeration or refining of phosphates, copper, lead, zinc and vanadium. We are conducting preliminary investigations into a new type furnace for processing minerals, and also a continuous ion exchange unit to extract uranium from slurries obtained in leaching ground ore. Following extensive technical and market research, we have decided to extend our process technology into the pulp and paper industry.

In our more traditional areas of engineering construction, Dravo-built pelletizing plants went into operation on three continents during 1968. These facilities were for Hamersley Iron Pty. Ltd. at Dampier, Western Australia; Pilot Knob Pellet Company at Pilot Knob, Missouri; and the LAMCO Joint Venture at Buchanan, Liberia. Work continued on pelletizing facilities for an Inland Steel Company subsidiary in Wisconsin and for one of Europe's largest steelmakers in

The Netherlands, the latter in joint venture with our licensor, Lurgi Gesellschaft für Chemie und Huttenwesen m.b.H., of West Germany. Plants under construction or completed during 1968 will produce more than seven million tons of pellets annually. In all, iron ore pelletizing facilities built by Dravo account for about one-third of the free world capacity.

In the steel processing field, we completed a top-blown oxygen converter shop and began work on erection of a 450-ton pouring capacity electric melt shop. The latter project calls for installation of three furnaces in an existing open hearth shop without disrupting production schedules. Each furnace will be computer-controlled and equipped with air pollution control devices. Other new orders included a vacuum degassing installation, a lime calcining plant, a sinter cooler and a turbo-blower installation.

Our services to the steel industry were expanded through a license agreement with Gebr. Boehler & Co., A.G., of Austria, to design and market the firm's electroslag remelting process. This development has particular application in the production of high-quality special alloy steel ingots, such as required for gas turbine components and rotors for electric generators and turbines.

Continued success was encountered in a program, initiated by Engineering Construction Division in 1967, to offer engineering services

to clients. To date, we have been involved in more than 30 contracts dealing with such diverse subjects as nuclear reactor containment systems, elemental phosphorus production and facilities for testing NASA space vehicles. It is expected that some of this work will lead to design-construct contracts in new fields.

A separate activity in the process field encompasses sewage treatment, pollution abatement, water supply and related services. Formation of a Water & Waste Treatment Department early in 1968 consolidated most of our capabilities in these areas. We are offering a total systems approach, from problem definition through complete design and construction of facilities.

Our first Dravo/Pintsch Bamag deep-bed filter plant for the removal of mill scale from rolling mill water began operation at The Youngstown Sheet and Tube Company's Indiana Harbor Works, and has demonstrated excellent capabilities. Several smaller installations are under way, and prospects are promising for this type of system. A study contract, for a planned high-capacity integrated steel mill, calls for the determination of water requirements, treatment processes and systems, and overall waste treatment. Two large boiler feedwater systems were completed at steel mills in the Midwest.

Sales of Dravo *Aeropack*, a compact sewage treatment plant for smaller municipalities, housing sub-divisions, schools, industrial plants and shopping centers, were at a record high. The new *Super Aeropack*, incorporating third-stage treatment, was introduced, and a unit is under construction near Pittsburgh.

A new water and waste treatment laboratory was placed in operation at our Research Center. We have a contract with the state of Pennsylvania, and also are working with the U. S. Bureau of Mines, on problems relating to acid mine drainage. In collaboration with other firms, an investigation is being made into a new process for desalination of certain types of brackish water.

We are investigating the problems of solid waste disposal. Studies are under way on a new type of incinerator that can convert refuse to molten slag, achieving a substantial reduction in weight and volume. Initial tests are also being conducted at two steel mills on systems to pelletize collector dust for easier disposal and possible re-use.





heavy construction

Improved public works bookings and a steadily increasing volume of work for private industry marked heavy construction operations. Several contracts were received during the year which advanced long-range plans to undertake new kinds of work in wider geographical regions.

Although limited by the small number of large public works projects available for bidding, we were successful in obtaining contracts amounting to \$70 million. These include three dams and two bridge substructures. A \$14-million flood control and irrigation project in Western Australia is our first heavy construction job outside North America. It involves construction of a 250-foot-high rock-fill dam, two diversion tunnels and a spillway on the Ord River in a mountainous area 200 miles southwest of Darwin. The contract was obtained by our Australian subsidiary, Dravo Pty. Ltd. Both our heavy construction divisions are actively seeking selected projects overseas.

A regional office was established in New Orleans in anticipation of future construction work in the South, estimated at more than a billion dollars over the next decade. New contracts in the region include Jones Bluff Lock and Dam on the Alabama River, near Selma, and several jobs for private industry.

We are placing the first 23 route miles of track for a new transit system under an \$8.7-million contract with the San Francisco Bay Area Rapid Transit District. Near Sacramento, California, a 200-foot-high arch dam and one-mile water tunnel are being constructed. Other projects include installation of equipment in a pumping plant for the California Department of Water Resources and construction of piers for bridges near Cincinnati, Ohio, and Donora, Pennsylvania.

Public works contracts completed during the year were valued at approximately \$49 million. Two of these were on the Arkansas River: Lock and Dam 13 and the David D. Terry Lock and Dam, where ceremonies were held dedicating the first third of the 450-mile river system. Joint venture work continues on a third Arkansas River project, Ozark Lock and Dam.

Difficult construction obstacles were overcome on two other jobs. A two-mile section of Pacheco Tunnel, in central California, was driven through mountains adjacent to an active earthquake fault. Near Meadville, Pennsylvania, we cleared and dredged a channel 2,200 feet long through a marsh, allowing use of floating equipment to drive pipe pile bents which will support twin bridges for Interstate Highway 79.

Mossyrock Dam, on the Cowlitz River near Tacoma, Washington, was near completion at year end. An 11,335-acre reservoir created by the dam will supply water for a 330-megawatt power station, also part of our joint venture contract.

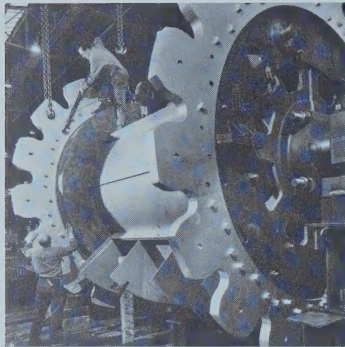
Concreting operations were accelerating at Dworshak Dam in northern Idaho, where we head a five-company joint venture. Concrete aggregates for the \$131-million structure are being produced by a crushing plant eight stories high, installed in a chamber hollowed out inside a mountain. Rock is quarried from the top of the mountain and dropped down a 420-foot vertical shaft to the crushing chamber. More than six million cubic yards of concrete—enough to pave over 900 miles of four-lane highway—are being placed by three cableways.

During the year, nearly 20 projects were booked for private industry, including docks, water intakes, industrial site excavations and shaft and tunnel work. We are part of a six-member joint venture that will handle the main civil construction work for an underground power station in Labrador, which will be the largest such facility in the world. The job, for Churchill Falls (Labrador) Corporation Limited, will involve excavation of three huge chambers and a series of interconnecting shafts and tunnels almost 1,000 feet deep in solid rock. Orders were obtained for construction of a graving dock for overhauling nuclear submarines and for three river docks. Other orders included site preparation for a new copper mill in Arizona, a haulage road in Utah, penstocks and siphons for a California utility, channel excavations and railroad sidings.

Shaft and tunnel work was again at a high level,

with 11 shafts completed for four coal companies in the United States. In Canada, work is under way on numerous underground projects which include shafts, ramps, mine development and ore mining. Special drilling and directional equipment was employed to bore a shaft for the White Pine Copper Company in northern

Michigan. A 10-inch-diameter pilot hole was drilled through 1,600 feet of siltstone and shale into a target area only six feet in diameter. Three reaming passes extended the diameter of the shaft to 12 feet, and the job was completed well ahead of schedule.



manufacturing

Dollar volume of new business for heavy materials handling equipment equalled the record high of the previous year. The largest single order we have ever booked for such equipment included two traveling ship unloaders and a bucket wheel stacker-reclaimer for an East Coast steel facility. Early in 1969, an additional unloader and bucket wheel of the same specifications were ordered for this installation. The unloaders are designed to handle the giant ore ships of the future, which will have capacities of up to 200,000 tons. Each will have a reach of 114½ feet—longer than any unloader now operating in this country—and will be able to rotate through a full circle. Design innovations are also being incorporated into a 20-ton capacity ore bridge and a crawler-mounted bucket wheel for other steel companies.

Demand for materials handling equipment continued heavy from the electric utility industry. Orders were received to supply three high-capacity bucket wheels for power stations under construction in Florida, Michigan and Maryland. During the year, agreements were signed permitting firms in The Netherlands, West Germany, France, Italy and England to manufacture and market Dravo-designed barge and ship unloaders. Seven such agreements are now in effect and provide us with a network of firms capable of placing this equipment in most major ports of the world.

For the fourth consecutive year, record highs were set in bookings for fabricated piping. To help meet these growing requirements, a new fabricating facility was opened at Charlotte, North Carolina, and a new office building was completed at Marietta, Ohio. Work performed for the electric utility industry continued to be the mainstay of these operations. In 1968, piping was completed for 12 generating units with a combined capacity of more than 6,000 megawatts. Our backlog of work at year end included piping for 19 units with a total capacity of 14,000 megawatts. One new order, valued at \$5.5 million, covers principal piping systems for TVA's Browns Ferry Station in Alabama, which will be the world's largest nuclear power plant. Because of the great expansion in power generation as well as opportunities for work in the chemical, gas and petroleum fields, prospects are good for maintaining the present high level of operations.

As a result of design innovations and improved fabrication techniques, sales of liquid cargo barges showed a marked increase in 1968. Thirty-five of these units were launched from our Neville Island shipyard—more than three times as many as the average for the past five years. Demand for hopper barges declined somewhat from that of 1967, due mainly to reduced volume of grain shipments. Two 5,000-horsepower towboats were delivered during the

year: the *Northern* for Union Barge Line and the *J. Page Hayden* for Midland Guardian Company of Cincinnati. In addition, twin 3,160-horsepower tugboats, the *Jane McAllister* and *Grace McAllister*, were built for McAllister Brothers, Inc., New York City. Two 5,000-horsepower towboats for Midland Enterprises, Inc. are currently under construction.

Acquisition of Hastings Industries, Inc. will serve to broaden our product line of environmental control equipment. Hastings manufactures gas-fired suspended unit heaters and duct furnaces in Hastings, Nebraska. This equipment is principally for the commercial market and complements our present lines of industrial space, make-up air and process heaters, combination heating-air conditioning units and ventilating equipment. Sales of this equipment continued at a good level during the year.

Production facilities were improved to expand capacity of our Neville Island Light Metals Plant. Specialized heavy equipment orders included fabrication of the main vessels and related equipment for a steel mill vacuum degassing facility and the design and manufacture of 11 transfer cars to serve a new basic oxygen furnace shop. We are fabricating lock and dam operating machinery for four projects, three of them on the Ohio River. Another contract covers the operating mechanism for movable grandstand sections of the new Pittsburgh sports stadium.

Sales of aluminum and steel grating were at about the same level as the previous year. Shipments of standard-sized grating panels increased over 1967, and additional stocking fabricators were added to broaden our distribution.



construction materials and equipment

Sales of sand, gravel and ready-mixed concrete increased nearly 15 per cent over 1967, due largely to higher construction activity in the areas where we market these products—Pittsburgh, Washington, D.C. and Cincinnati. We acquired a new distribution facility in East Liverpool, Ohio to expand our Pittsburgh-based operations.

In Pittsburgh, sales of ready-mixed concrete reached the highest level of the past six years. One sizable order was for 55,000 cubic yards of concrete for the city's new sports stadium. We will supply half the total concrete aggregate requirements for the Cincinnati Municipal Stadium.

Two related markets being investigated for possible entry are special aggregates for asphalt producers and lightweight aggregates.

Dravo-Doyle Company's revenue from sale and rental of construction equipment was at an all-time high. This subsidiary, which serves contractors and industry throughout most of the eastern half of the country, has been concentrating marketing efforts on the rental side of the business. In the past three years, rental revenues have tripled, and forecasts indicate that this upward trend will continue. High-speed hoisting equipment, capable of operating at speeds of 1,200 feet per minute or about four times as fast as conventional hoists, will be provided for construction of the new 64-story United States Steel Corporation Building in Pittsburgh.



water transportation

Union Barge Line Corporation and its subsidiaries, Southern Transfer Company and Cardinal Carriers, Inc., moved 4.2 billion ton-miles of cargo in 1968. Revenue from this operation has reached a new high in each of the past seven years and has been growing at an annual rate of about seven per cent.

The potential for continued growth in river transportation is good. The reliability and economy of this mode of transportation is a major factor in the expansion of industry on or near the nation's waterways. Over the past 15 years an average of 400 plants a year have been built or enlarged in such locations.

The current canalization program for the Arkansas River and a tributary, the Verdigris, presents additional opportunity. With completion of this federal project in 1970, a 450-mile channel will extend from the Mississippi River to the Tulsa, Oklahoma, area. Already, industry

and developers have announced plans for investing more than \$300 million in new or expanded industrial facilities along this waterway.

Union inaugurated regular service on the lower Arkansas when that section was opened to navigation late in the year. Early in 1969, our application for permanent operating authority on the river system was approved by the Interstate Commerce Commission. A 700-horsepower towboat, the *Arkansas Traveler*, was added to the fleet, primarily for service in this area.

Other additions to the fleet, which now includes 10 diesel towboats and nearly 400 barges, were the 5,000-horsepower towboat *Northern* and 21 new barges. Eleven of the new units were tank barges to help carry the record volume of bulk liquids moved during the year for the plastics, petroleum and chemical industries.



consulting engineering

Gibbs & Hill, Inc., New York-based consulting engineering subsidiary, had record bookings in 1968. Services including engineering, design, procurement and construction supervision were performed for clients in 17 states, Guam, Puerto Rico and 14 foreign countries. Revenue from engineering work for domestic utility companies exceeded that of 1967, marking further progress in our program to increase domestic work in this field. Activity in rapid transit continued to grow, and revenue from this source and from electrical transmission projects increased 25 per cent over the previous year.

Two large projects call for the combined

services of Gibbs & Hill and other Dravo units. One is the design-engineer-construct contract for a two-unit, 1,300-megawatt steam-electric generating station in West Virginia for Allegheny Power System. The second is for engineering and related services for a nickel mining and processing complex in Guatemala.

Nine electric generating stations on which we furnished design and engineering services went into operation in 1968, and work is continuing on ten additional plants. Gibbs & Hill's experience in nuclear power led to contracts for an engineering study of a prototype small-capacity power plant for use in remote locations and

engineering services for a reactor development facility for the Knolls Atomic Power Laboratory.

In an unusual approach to rapid transit design, Gibbs & Hill will create a coordinated system of train control, signaling and communications for a 25-mile system to be built in Washington, D.C. Assignments also were completed or are being handled in other major metropolitan areas including Boston, New York City, Philadelphia and San Francisco. Two of these involve studies of high-speed transit links between airports and downtown areas. Several new projects were also undertaken in the closely related field of railroad electrification. Gibbs & Hill has designed about 70 per cent of the

overhead a-c railroad electrification systems in the United States.

Water management bookings included design of a major extension of the Wards Island sewage treatment plant in New York City and engineering and design of sewer systems in Brooklyn. Waste treatment and disposal systems were designed for an animal testing farm and for chemical, pharmaceutical and wood processing plants.

Other assignments for private industry involved industrial and housing sites in France, marine facilities in Puerto Rico and an emergency power system for computerized in-flight airline traffic control and passenger reservations.



employee relations

Two general managers—C. E. Burtch, Eastern Construction Division, and G. M. Shupe, Western Construction Division—were elected vice presidents of the corporation in 1968. R. S. Gould was elected to the newly-created position of vice president, corporate development.

Because of continued increased demands for professional and technical employees, recruiting, training and development efforts were expanded. Visits will be made to 38 colleges under the 1968-69 recruiting program. More than 400 employees participated in formalized educational activities during the year, and over 200 employees were engaged in individual after-hours study programs under the company's tuition refund program.

The company's policy of equal opportunity employment was affirmed through participation in the program of the National Alliance of Businessmen and in cooperation with interested

groups. A commitment to provide jobs for a number of hard-core unemployed was surpassed nine months ahead of schedule.

The corporation's overall employment at year end was 6,983 compared with 6,351 a year earlier.

Fifteen new labor agreements were signed during the year, 12 of them for three years' duration. A two-week strike at the Neville Island plants ended in mid-September with acceptance of a company proposal covering improvements in wages, fringe benefits and working conditions. At year end, 32 local, five state and 16 national labor agreements were in effect.

Improvements were achieved in accident prevention despite rising employment and increased business activity. First-aid, fire protection and safety training programs continued for supervisory and hourly personnel.



a company of uncommon enterprise

The diversified, multi-industry operations of Dravo Corporation have been reviewed in this report under the six principal classifications of our business. These same groupings are used in the following portfolio to portray typical examples of the capabilities and competence of the company's 18 operating units. These units serve each other in many ways and, frequently, two or more combine talents to undertake large, complex projects for industry or government. A list of products and services, along with plant and office locations, is on page 35.

This Pittsburgh district melt shop utilizes a basic hot blast cupola and two oxygen furnaces for the production of specialty steels.



process plants and facilities

Vacuum degasser designed and built for an integrated mill improves steel quality by removal of gases from the molten metal.



Design and construction services for a 1,000,000-ton per year pellet plant included this concentrator installation, in which the iron ore is beneficiated.



process plants and facilities

Process engineering, plant design and construction of heavy industrial facilities represent a major Dravo activity. Frequently this work is performed on a total responsibility basis. Capabilities encompass a broad variety of facilities for the iron and steel, non-ferrous metals and minerals, paper and other industries. Another activity in the process field is work in sewage treatment, pollution abatement, water supply and allied services. Related research, feasibility studies and other engineering services are provided in the process field.



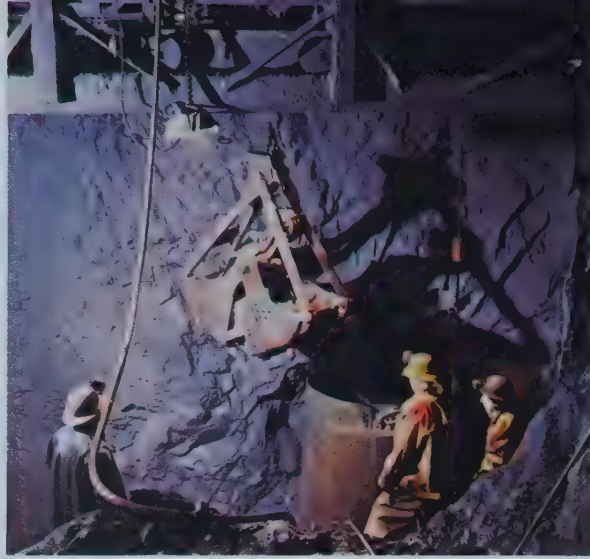
Dravo-built iron ore pelletizing plants such as this facility at Buchanan, Liberia, account for about one-third of the free world's output of pellets.



Designed for a midwestern steelmaker, this deep-bed filtration system treats waste water from a rolling mill, discharging it virtually free of pollutants.

Aeropack sewage treatment plants can be designed to meet requirements between 30,000 and 2,000,000 gallons per day.

Services to the mining industry include shaft sinking, excavation, mine development, exploration.



heavy construction

Dravo is involved in heavy construction for both government and industry throughout North America and overseas. Much of this work is water-oriented or underground. Typical projects include water storage dams, hydroelectric facilities, navigation locks and dams, tunnels, shafts, harbors and bridge substructures. Occasionally such jobs, because of their size, are handled in joint venture with other firms. Other construction projects include foundations, docks, rail lines and a variety of services for the mining industry.



Placing concrete supports was the first step in laying 23 route miles of transit system track.



Use of floating equipment was a unique approach in building piers for bridge over swamp.

A concrete placement record was established during construction of Mossyrock Dam in Washington. At 605 feet, it is highest in the Pacific Northwest.





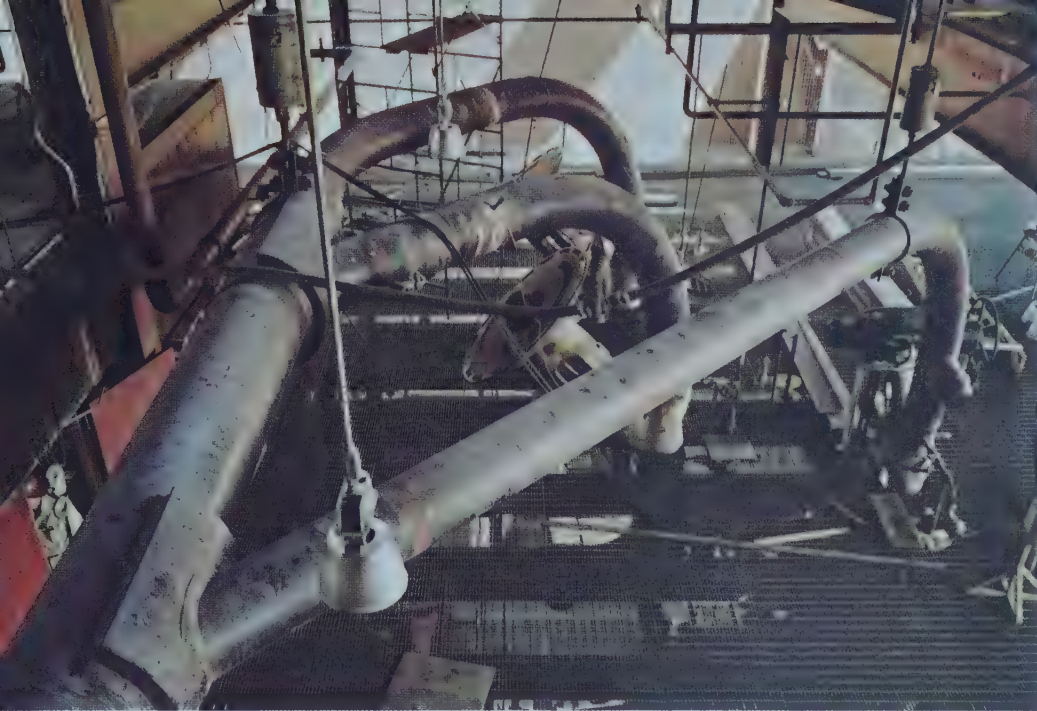
Dravo fabricated 10 of these extensible columns used to support launching platforms for the Saturn moon rocket.

manufacturing

Extensive facilities for manufacturing and heavy fabrication are located at Pittsburgh, Pennsylvania; Marietta, Ohio; Charlotte, North Carolina; and Hastings, Nebraska. Product lines include floating equipment for inland waterways and coastal service; heavy bulk materials handling equipment; specialized heavy machinery; process equipment; industrial and commercial environmental control equipment; grating; and fabricated piping. All are marketed throughout the United States, and some are also manufactured under license abroad.

About 100,000 square feet of *Tru-Weld* grating was custom fabricated for the flooring of this Ohio power station.





A major market for Dravo pipe fabrication services is the electric utility industry, which is expanding generating capacity at an unparalleled pace.

This bucket wheel and barge unloader were designed and fabricated to meet the coal handling requirements of a Florida power station.



manufacturing



Floating equipment, including towboats, tugs, barges and special-purpose craft, is built at our Neville Island shipyard, which is one of the largest on the inland waterways.

A Dravo environmental control system, including 66 roof-mounted units, provides comfort heating and replacement air requirements for a large automotive machining plant.

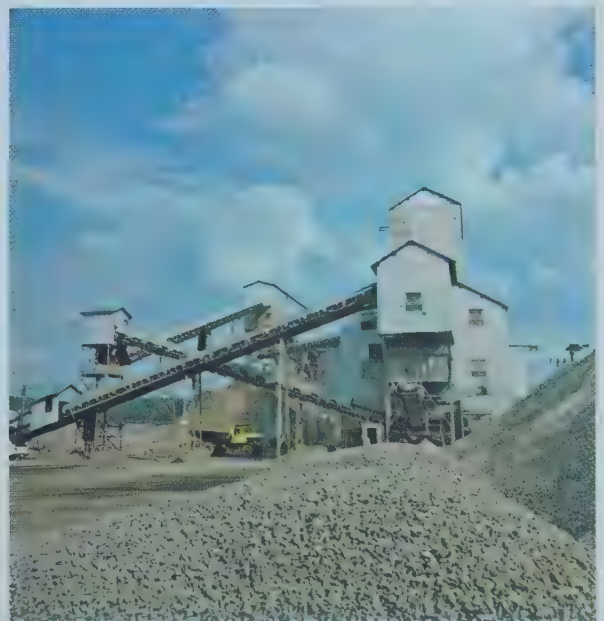




Cranes and other equipment, sand, gravel and ready-mixed concrete are furnished for construction projects throughout southwestern Pennsylvania.

construction materials and equipment

Dravo is the major producer of sand and gravel in Pittsburgh, Cincinnati and Washington, D.C. Together these operations process more than seven million tons of aggregates annually. Ready-mixed concrete is also marketed in the Pittsburgh area. A subsidiary, Dravo-Doyle Company, sells and rents construction equipment to contractors and industrial customers in the eastern United States.



Seven company plants in the Cincinnati area process and distribute sand and gravel from land deposits.



In Washington, D.C., aggregates are dredged from the Potomac River, then processed in floating plants.



Electrification and automatic train control facilities were designed for Philadelphia rapid transit system extension.

consulting engineering

A subsidiary, Gibbs & Hill, Inc., furnishes widely varied consulting services to such clients as electric utilities, railroads, process industries and government agencies. Services range from feasibility and planning studies through construction to start-up supervision and performance tests. Projects are undertaken both in the United States and in other countries. Assignments are in such fields as electric power generation, transmission and distribution; transportation systems; communications; computer systems; industrial facilities; water management; and systems engineering.



Gibbs & Hill is internationally known for power engineering. Services cover generation, transmission and distribution.



Near Brussels, an entire military headquarters "city" was designed for SHAPE in joint venture with three Belgian firms.



Capabilities in water management include municipal sewage treatment. Sanitary process engineering was performed for expansion of this plant in New York City.

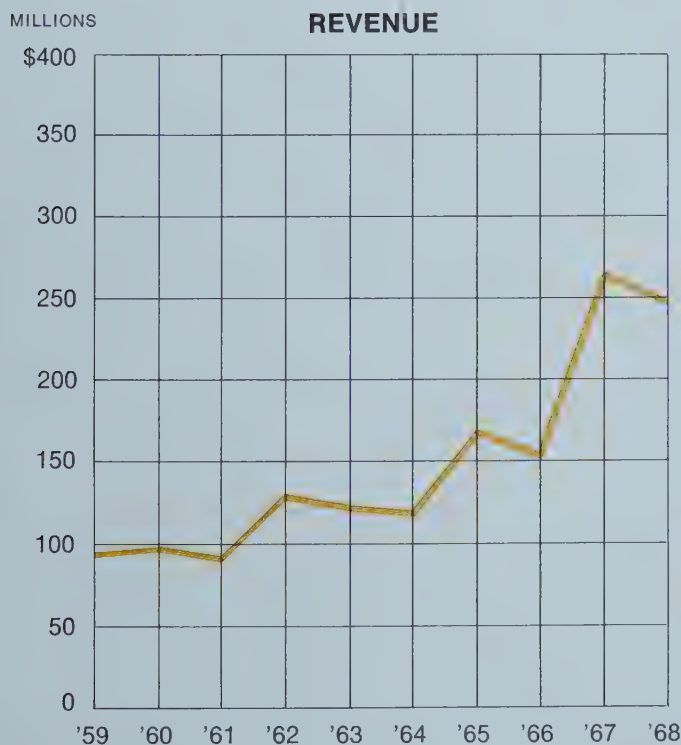
water transportation

Union Barge Line Corporation provides common and contract carrier service on the Mississippi River System, Gulf Intracoastal Waterway and tributary and connecting waterways. The subsidiary operates a fleet of ten towboats and 400 barges.

The Dravo-built towboat *Peace* is part of Union Barge Line's fleet which provides low-cost river transportation throughout the mid-continent area.



1968 financial review



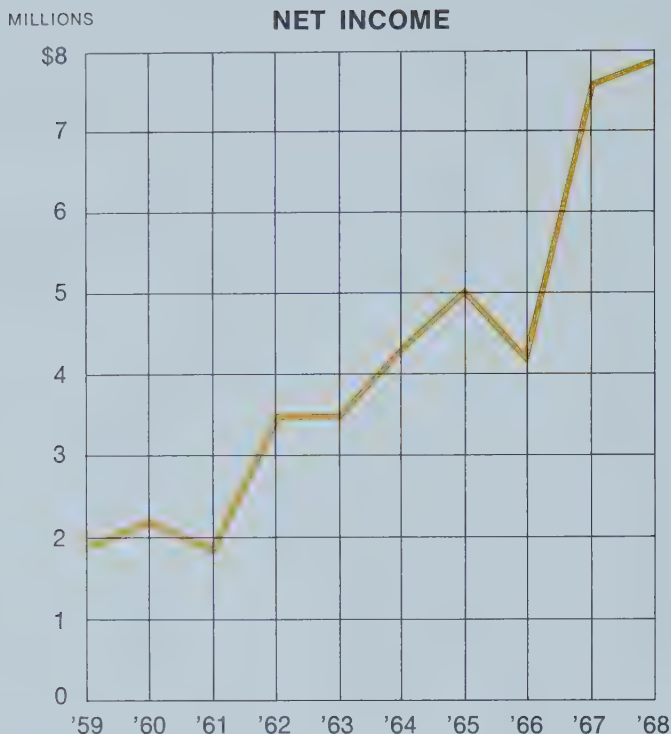
The following review and statements present consolidated data for Dravo Corporation and Subsidiaries.

In December, 1968, all the common stock of Hastings Industries, Inc. was acquired. This transaction has been treated as a pooling of interests and is so reflected for the years 1967 and 1968 in the financial statements included in this report. Figures for the years 1964 through 1967 have been restated in the ten-year summary.

Much of our business involves long-term, fixed-price contracts and, for accounting purposes, we follow the "completed contract" method of reporting. Revenue and profits on such contracts are not reported until the year of physical completion. However, should cost performance indicate that a loss will be experienced, an estimate of the eventual loss is reflected currently.

revenue

Revenue of \$246 million was about seven per cent below 1967's record \$265.3 million. Lower bookings of new business in the first half of 1967 had the effect of reducing 1968 construction and manufacturing revenues below the high volume of the preceding year. The chart highlights the substantial growth and higher level of operations maintained in the past four years.



net income

Income before taxes was \$15.1 million—\$2.1 million more than last year's record high—in spite of lower revenue and increased financing costs. After provision for taxes, including the 10 per cent federal surtax, net income of \$7.9 million was \$319,000 above that of 1967. Record earnings of \$3.62 per common share, based on the average number of shares outstanding during the year, compare with \$3.53 per share in 1967. The surtax reduced earnings by 26 cents per share.

For the period 1964 through 1968, net income was 3.0 per cent of revenue, compared with 2.4 per cent for the previous five-year period.

dividends

Four quarterly dividends of 30 cents, for a total of \$1.20, were declared and paid on the common stock, a 20 per cent increase over 1967. Total dividends declared, including \$2.00 per share on the preferred stock, amounted to \$2,502,000. Quarterly common stock dividends have been paid for 28 years.

In January, 1969, the quarterly common stock dividend was again increased, from 30 to 35 cents per share, beginning with the first payment in February. This was the sixth quarterly rate increase in the last seven years.

capital stock changes

The number of common shares issued was increased by 77,777 to consummate the acquisition of Hastings Industries, Inc. in late 1968.

During the year, conversion of 10,547 shares and redemption of 54 shares reduced the number of outstanding \$2.00 convertible preferred shares to 14,628. The original issue amounted to 49,957 shares which were exchanged for the common stock of Gibbs & Hill, Inc. in 1965. There are 29,256 unissued common shares reserved for conversion of the remaining shares of preferred stock outstanding although, at management's discretion, either unissued or treasury shares may be used for this purpose.

backlog

Near record bookings of new business contributed to a \$375-million year-end backlog of work to be reported as revenue, the second highest in our history. This compares with \$353 million at the end of 1967. Backlog includes only contracts for process plants and facilities, heavy construction, manufacturing and consulting engineering activities. No backlog is included for river transportation or construction materials and equipment, as the revenue is realized shortly after receipt of an order.

As indicated in the graph on the opposite page, the December 31, 1968 backlog of \$375 million to be reported as revenue, upon contract completion, consists of \$229 million of work to be performed plus the value of work already performed on uncompleted contracts.

property, plant and equipment

Expenditures of \$9.5 million compare with \$8.7 million the previous year. Approximately 65 per cent of the total was for additions to the Union Barge Line fleet and for heavy construction equipment. Most of the balance was for improvements at our three aggregate facilities, a new office building at the Neville Island plant and completion of a new office building at our Marietta, Ohio, pipe fabrication facility. A new plant was opened in Charlotte, North Carolina, to meet the growing demands for fabricated piping.

financial position

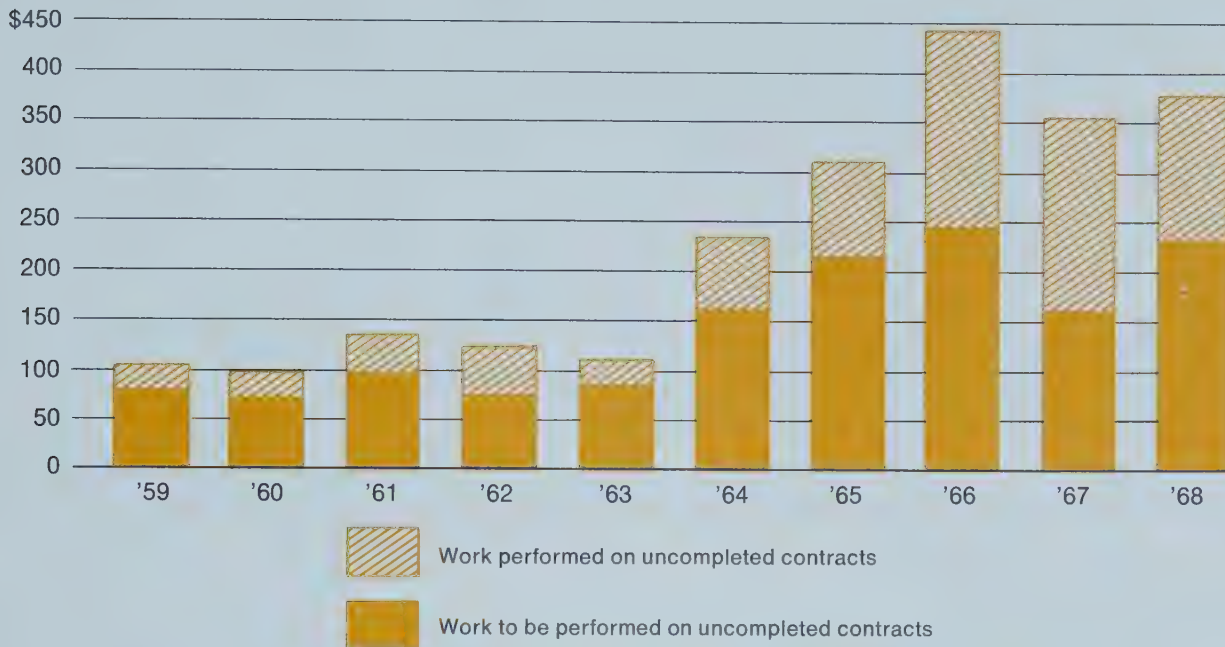
As shown in the summary on the opposite page, working capital of \$42.6 million was \$21.9 million above the December 31, 1967 total. Ratio of current assets to current liabilities at December 31, 1968 was 2.3 compared with 1.6 at the end of the previous year.

The increase in working capital was largely accomplished through borrowings of \$17.5 million under a \$20-million, three-year revolving credit agreement, negotiated in 1968 with our principal banks. Other long-term notes were reduced \$722,000 during the year. At year end, long-term borrowings were \$27.5 million, all as detailed in notes to the financial statements.

Our cash position at year end, along with adequate lines of bank credit, puts us in a sound position to take full advantage of expanding business opportunities.

MILLIONS

BACKLOG — TO BE REPORTED AS REVENUE



consolidated statement of source and application of funds

	1968	1967
Source of Funds		
Net income	\$ 7,851,000	\$ 7,532,000
Depreciation	6,106,000	6,329,000
Increase in reserves	836,000	406,000
From operations	14,793,000	14,267,000
Proceeds of term note	—	3,000,000
Proceeds of revolving credit notes	17,500,000	—
Decrease in long-term receivables	1,687,000	—
Sale of capital assets	896,000	551,000
	<u>34,876,000</u>	<u>17,818,000</u>
Application of Funds		
Liquidation of revolving credit notes	—	14,000,000
Decrease in other long-term notes	722,000	904,000
Purchase of fixed assets	9,545,000	8,673,000
Dividends declared	2,502,000	2,105,000
Increase in long-term receivables	—	1,789,000
Other items	166,000	739,000
	<u>12,935,000</u>	<u>28,210,000</u>
Increase (decrease) in working capital	21,941,000	(10,392,000)
Working capital at beginning of year	<u>20,654,000</u>	<u>31,046,000</u>
Working capital at end of year	<u>\$42,595,000</u>	<u>\$20,654,000</u>

Dravo Corporation consolidated balance sheet

assets

	December 31	
	1968	1967
Current Assets		
Cash	\$ 6,262,103	\$ 7,712,233
Marketable securities—at cost (approximates market)	1,214,600	3,145,800
Accounts and notes receivable		
Trade	40,144,653	41,214,512
Other, including claims and deposits	1,451,550	1,453,296
Inventories		
Materials and supplies	6,078,216	5,535,298
Finished goods	5,711,405	5,041,163
Contracts in progress and other work in process	85,733,528	133,988,321
Advances to joint ventures	6,970,410	1,279,851
Prepaid expenses and deferred charges	957,261	829,092
Billings on contracts in progress (deduct)	(80,365,168)	(145,667,115)
Total Current Assets	74,158,558	54,532,451
Other Assets		
Notes receivable—trade, due after one year	913,486	2,600,355
Notes from employees for common stock purchases	625,042	599,851
Miscellaneous	647,896	401,811
Total Other Assets	2,186,424	3,602,017
Property, Plant and Equipment—at cost		
Land	6,982,556	6,977,135
Buildings and improvements	14,854,388	12,600,258
Floating equipment	50,367,137	49,465,766
Machinery and other equipment	42,346,762	39,515,638
	114,550,843	108,558,797
Less accumulated depreciation and amortization	52,729,861	49,280,648
Total Property, Plant and Equipment—net	61,820,982	59,278,149
Total Assets	\$138,165,964	\$117,412,617

The appended notes are an integral part of the financial statements.

liabilities and shareholders' equity

	December 31	
	1968	1967
Current Liabilities		
Notes payable and current portion of long-term notes	\$ 4,215,600	\$ 1,664,210
Accounts payable—trade	16,658,746	21,930,081
Wages and salaries, including vacations	3,288,507	3,060,054
Income taxes	3,023,886	2,936,470
Other current liabilities	4,377,290	4,287,142
Total Current Liabilities	31,564,029	33,877,957
 Long-term Notes	 27,540,317	 10,762,554
 Other Liabilities and Reserves		
Repairs and self-insured risks	570,000	585,000
Deferred income taxes	4,971,500	5,003,000
Deferred compensation	2,260,000	1,378,000
Minority interest	393,589	354,931
Total Other Liabilities and Reserves	8,195,089	7,320,931
 Shareholders' Equity		
Preferred stock, \$2 cumulative convertible, no par, stated value \$50		
1968-Authorized: 14,628 shares; Issued: 14,628 shares	731,400	—
1967-Authorized: 25,229 shares; Issued: 25,229 shares	—	1,261,450
Preference stock, par value \$1		
Authorized: 100,000 shares; Issued: none	—	—
Common stock, par value \$1		
Authorized: 6,000,000 shares; Issued: 2,223,477 shares	2,223,477	2,223,477
Other capital	2,039,328	1,554,759
Earnings retained for use in the business	67,695,844	62,578,914
	72,690,049	67,618,600
 Less treasury stock at cost		
Common: 1968—80,968 shares; 1967—103,438 shares	1,823,520	2,167,425
Total Shareholders' Equity	70,866,529	65,451,175
Total Liabilities and Shareholders' Equity	\$138,165,964	\$117,412,617

consolidated statement of income and retained earnings

	Year ended December 31	
	1968	1967
Revenue		
Construction completed—public, industrial, process plants and facilities	\$150,024,005	\$168,253,509
Manufacturing, transportation, materials, equipment and services	95,999,956	97,004,419
Total revenue	246,023,961	265,257,928
Costs of construction, products and services	214,312,153	238,757,014
Gross profit	31,711,808	26,500,914
Selling, administrative and general expenses	16,195,248	14,198,446
Income from operations	15,516,560	12,302,468
Other income (expense)		
Dividends and interest income	686,151	850,992
Gain on disposal of capital assets	526,446	840,755
Interest expense	(1,583,451)	(909,153)
Net other income (expense)	(370,854)	782,594
Income before income taxes	15,145,706	13,085,062
Provision for income taxes	7,295,000	5,553,000
NET INCOME (per share: 1968—\$3.62 1967—\$3.53)	7,850,706	7,532,062
Retained earnings at beginning of year	62,578,914	57,714,712
Adjustment from pooling of interests	46,363	—
Gain on sale of treasury stock	14,560	8,666
Cost in excess of par value of common stock used in conversion	(292,932)	(571,036)
	70,197,611	64,684,404
Dividends declared		
On preferred stock (per share: 1968—\$2.00 1967—\$2.00)	33,212	83,398
On common stock (per share: 1968—\$1.20 1967—\$1.00)	2,468,555	2,022,092
	2,501,767	2,105,490
Retained earnings at end of year	\$ 67,695,844	\$ 62,578,914

The appended notes are an integral part of the financial statements.

notes to financial statements

Principles of consolidation

All subsidiaries are included in this consolidation. The accounts of foreign subsidiaries have been translated at appropriate rates of exchange. In December, 1968, the Corporation issued 77,777 shares of its common stock in exchange for all of the outstanding stock of Hastings Industries, Inc. This transaction has been treated as a pooling of interests; accordingly, the financial statements for 1967 have been restated on a comparative basis to include the accounts of Hastings.

Long-term contracts and joint ventures

Long-term contracts and joint ventures are not reflected in income until the year of physical completion; however, provision is made for anticipated losses on uncompleted contracts and joint ventures. Cost-plus-fee contracts are reflected as costs are incurred, and units in manufacturing contracts are reflected as each unit is completed.

Inventories and contracts in progress

Cost of inventories and contracts in progress are determined at actual direct costs and overhead approximately at cost, including costs of approximately \$15,782,000 of manufacturing and resale inventories determined by the last-in, first-out method; used tools and equipment are at cost, less estimated depreciation, and certain supplies are valued, generally, at the lower of cost or market.

Accumulated depreciation and amortization

Depreciation of buildings, equipment and machinery is calculated on a straight-line basis and amounted to \$6,106,000 in 1968 and \$6,329,000 in 1967. For tax purposes, depreciation is calculated principally on the basis of sum-of-the-years' digits.

Notes payable

The notes payable are as follows:

	Current	Over One Year
Commercial paper notes	\$2,000,000	\$ —
Notes due banks	1,160,000	—
Installment notes to 1975	684,495	3,976,062
Installment notes—1976 to 1981	250,161	2,510,820
Notes due shareholders	64,000	316,000
Mortgage notes	56,944	237,435
Term note due July, 1970	—	3,000,000
Revolving credit agreement	—	17,500,000
	<u>\$4,215,600</u>	<u>\$27,540,317</u>

The notes due shareholders are obligations of Hastings Industries, Inc., and bear interest at 6%; the long-term portion of these notes is due between July 31 and October 1, 1970. The revolving credit agreement provides for loans to March 17, 1971, of up to \$20,000,000 at the prime commercial rate; there is a ¼ % fee on the unused commitment balance. Notes totaling \$2,419,268 are secured by property having a net book value of \$3,912,802.

Retirement plan

Under the company's retirement plans for salaried and wage employees, the expense in 1968 amounted to \$1,142,956. The company's

policy is to fund the cost accrued. Prior service costs are being amortized over 30 years. The remaining unfunded prior service costs at December 31, 1968 are estimated at \$6,100,000.

Stock options

The following summary shows the changes during the year in outstanding options for common shares:

Year of grant	Option price	Beginning of year	Granted	Exercised	End of year
1961-63	\$12.12—\$17.40	9,316	—	1,806	7,510
1967	\$23.19	74,200	—	800	73,400
1968	\$43.6875	—	4,500	—	4,500
		<u>83,516</u>	<u>4,500</u>	<u>2,606</u>	<u>85,410</u>

Proceeds of \$41,598 were received for shares under the options exercised, the company electing to cover these purchases with treasury shares. Options granted in 1961-63 are exercisable through 1972; options granted in 1967 and 1968 become exercisable in five equal annual increments from the date of grant. Under the present Qualified Stock Option Plan, the additional options available for grant were 25,800 at January 1, 1968 and 21,300 at December 31, 1968.

Capital stock and other capital

The common stock issued increased during 1968 by the 77,777 shares exchanged for the stock of Hastings Industries, Inc.

During the year, 54 preferred shares were redeemed and 10,547 were converted to common shares, using common treasury shares in the exchange. As a result, other capital was credited with \$484,569, the excess of stated value of such preferred shares over the par value of common shares exchanged, less a pro-rata portion of the excess of purchase price over par value of the treasury shares used and the premium on redemption.

There are 29,256 unissued common shares reserved for conversion of the remaining 14,628 shares of preferred stock outstanding although, at management's discretion, either unissued or treasury shares may be used for conversion. Conversion of these shares has been anticipated in calculation of the current earnings per share and book value per share of the common stock outstanding.

The preference stock, junior to the convertible preferred, may be issued in series, under provisions to be determined by the Board of Directors.

Provision for income taxes

The provision for income taxes is as follows:

	1968	1967
Current	\$6,703,500	\$3,125,000
Deferred	<u>591,500</u>	<u>2,428,000</u>
	<u>\$7,295,000</u>	<u>\$5,553,000</u>

Contingent liabilities

The company is contingently liable in the amount of \$9,114,369 on notes secured by mortgages and lease-purchase option agreements sold to banks with provisions for repurchase.

accountants' report

To the Shareholders of Dravo Corporation

We have examined the consolidated balance sheet of Dravo Corporation as of December 31, 1968 and the related consolidated statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Pittsburgh, Pennsylvania
February 7, 1969

In our opinion, the accompanying balance sheet and statement of income and retained earnings present fairly the financial position of Dravo Corporation and its consolidated subsidiaries at December 31, 1968 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MAIN LAFRENTZ & CO.
Certified Public Accountants

ten-year summary

1959-1968

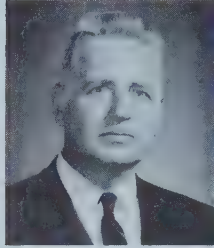
	1968	1967	1966
Revenue (work completed)	\$246,024	\$265,258	\$151,157
Income before taxes	\$ 15,146	\$ 13,085	\$ 6,938
Taxes on income	7,295	5,553	2,815
Net income after taxes	7,851	7,532	4,123
Dividends declared	2,502	2,105	1,720
Earnings reinvested	5,349	5,427	2,403
Per common share			
Earnings	\$ 3.62	\$ 3.53	\$ 1.92
Dividends paid	1.20	1.00	1.00
Dividends declared	1.20	1.00	.80
Book value	32.63	30.28	27.76
Billings for work performed	\$199,406	\$260,224	\$251,830
Backlog—to be reported as revenue	375,000	353,000	441,000
—to be performed	229,000	160,000	244,000
Total assets	\$138,166	\$117,413	\$119,506
Working capital	42,595	20,654	31,046
Long-term debt	27,540	10,763	22,666
Shareholders' equity	70,867	65,451	60,740
Property, plant, equipment			
Expenditures	\$ 9,545	\$ 8,673	\$ 11,739
Cost	114,551	108,559	102,109
Net book value	61,821	59,278	57,485
Depreciation	6,106	6,329	5,714
Shareholders at year end	4,594	3,790	3,780
Employees at year end	6,983	6,351	6,903

1964-1967 restated to include Hastings Industries, Inc.

(dollar amounts, except per share figures, in thousands)



1965	1964	1963	1962	1961	1960	1959
\$168,517	\$116,761	\$123,961	\$130,792	\$ 87,503	\$ 99,072	\$ 92,298
\$ 8,518	\$ 7,607	\$ 6,875	\$ 6,764	\$ 3,570	\$ 4,626	\$ 3,357
3,517	3,315	3,425	3,340	1,843	2,405	1,543
5,001	4,292	3,450	3,424	1,727	2,221	1,814
2,138	1,814	1,576	1,590	1,080	1,098	1,110
2,863	2,478	1,874	1,834	647	1,123	704
\$ 2.33	\$ 1.97	\$ 1.67	\$ 1.64	\$.81	\$ 1.03	\$.83
.92½	.82½	.87½	.50	.50	.50	.50
1.00	.82½	.75	.75	.50	.50	.50
26.59	25.32	25.21	24.25	23.22	22.80	22.13
\$194,760	\$163,179	\$100,678	\$139,148	\$100,496	\$100,264	\$ 85,798
311,000	232,000	110,000	120,000	135,000	96,000	105,000
214,000	161,000	86,000	73,000	96,000	70,000	80,000
\$110,764	\$ 93,390	\$ 86,556	\$ 79,579	\$ 73,416	\$ 69,863	\$ 62,892
18,196	21,363	26,416	23,821	20,497	16,621	23,008
8,793	5,959	13,361	6,436	7,168	—	—
58,473	56,744	52,391	50,936	49,306	49,098	48,367
\$ 12,266	\$ 6,988	\$ 12,856	\$ 2,229	\$ 5,692	\$ 10,111	\$ 3,933
94,225	84,069	77,976	67,304	70,701	67,234	57,771
52,896	46,062	43,278	34,560	36,992	34,105	27,214
4,524	4,089	3,428	3,394	2,448	2,952	2,885
3,583	3,024	2,512	2,482	2,414	2,215	2,086
6,583	5,777	4,158	4,036	4,149	3,833	3,918



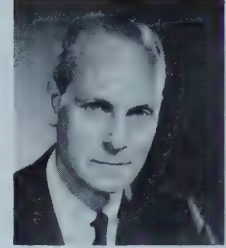
*Robert Dickey III



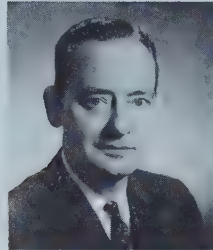
*John K. Beidler



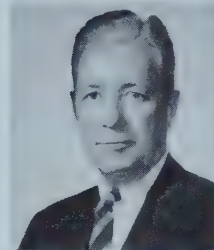
Davitt S. Bell
Chairman
Edgewater Corporation



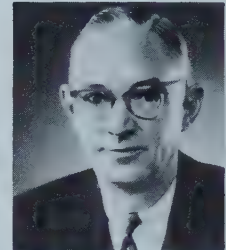
A. Bruce Bowden
President, Mellon
National Bank & Trust Co.



*Edward T. Fitch



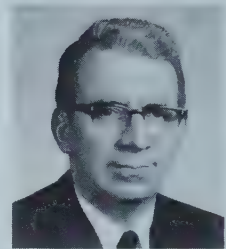
*H. Edgar Lore



Allison R. Maxwell, Jr.
Chairman
Wheeling-Pittsburgh
Steel Corporation



G. Albert Shoemaker
Retired President
Consolidation Coal Co.



*Louis P. Struble, Jr.

*Executive Committee



Charles E. Walker
President
Union Barge Line Corp.

officers

Robert Dickey III, President and
Chief Executive Officer

John K. Beidler, Senior Vice President

Edward T. Fitch, Senior Vice President

H. Edgar Lore, Executive Vice President

Louis P. Struble, Jr.,
Executive Vice President

Philip J. Berg, Vice President,
General Manager,
Engineering Construction Division

C. Randall Boyer, Vice President,
General Manager,
Fabricated Products Division

Chauncey E. Burtch, Vice President,
General Manager,
Eastern Construction Division

Walter L. Davidson, Vice President,
General Manager,
Engineering Works Division

Rodney S. Gould, Vice President,
Corporate Development

Edward R. Hyde, Vice President,
Materials

Gerald M. Shupe, Vice President,
General Manager,
Western Construction Division

Ivan L. Hillman, Treasurer

John S. Mason, Secretary and
General Counsel

Joseph V. Newman, Controller

A COMPANY OF UNCOMMON ENTERPRISE
Eastern Construction Division

 General Offices: Neville Island, Pittsburgh, Pa. 15225
 Offices: New Orleans

 Hydroelectric, flood control
 and irrigation dams
 Navigation locks and dams
 Conduits, canals and
 pumping plants
 Heavy excavation and
 embankments

 Shafts, slopes, tunnels
 Mine development
 Underground storage facilities
 Dredging
 Natural draft cooling towers
 Railroads
 Pipelines

 Hydroelectric generating
 stations
 Intakes and pump houses
 Foundations
 Retaining walls
 Bridge substructures
 Docks

Western Construction Division

 General Offices: 225 108th N.E., Bellevue, Wash. 98004
 Offices: San Francisco

 Pelletizing plants
 Sintering and calcining
 plants
 Sinter coolers
 HCl pickling installations
 HCl regeneration plants

 Hot blast cupolas
 Vacuum degassing
 installations
 Basic oxygen steel plants
 Lime calcining plants
 Continuous casting and
 strand reduction plants

 Tonnage oxygen plants
 Ore beneficiation
 Boiler plants
 Pumping stations
 Power plants
 Erectors and general
 mechanical constructors

Engineering Construction Division

General Offices: One Oliver Plaza, Pittsburgh, Pa. 15222

 Barges
 Towboats
 Tugboats
 Dredges
 Marine repair

 Bucketwheel machines
 Ship and barge unloaders
 Continuous barge unloaders
 Slag and steel transfer and
 scrap charging cars
 Pelletizing and mixing discs

 Machinery design and
 fabrication
 Heavy-duty screens and
 feeders
 Rail clamps
 Hoists

Engineering Works Division

 General Offices: Neville Island, Pittsburgh, Pa. 15225
 Offices: New York, New Orleans, St. Louis
 Plants and Yards: Pittsburgh

Fabricated Products Division

 General Offices: Neville Island, Pittsburgh, Pa. 15225
 Offices: Boston, Chicago, Cleveland, Detroit, Marietta,
 New York, Philadelphia, St. Louis
 Plants: Pittsburgh, Marietta, Ohio, Charlotte, N.C.

 Industrial
 • Space, make-up air and
 process heating units
 • Ventilating units
 • Combination heating and
 air conditioning units

 Steel and aluminum grating,
 custom fabricated and in
 stock panels and treads

 Fabricated piping
 Pressure vessels
 Heat treatment
 Custom pipe bending

Keystone Division

 General Offices: One Oliver Plaza, Pittsburgh, Pa. 15222
 Plants: Pittsburgh, Braddock, Charleroi, Neville Island
 and Rochester, Pa.

 Aggregates
 Ready-mixed concrete
 Concrete block

Contract towing service

 Glass fibre industrial and
 commercial insulation
 River-rail transfer service

Ohio Gravel Division

 General Offices: 5253 Wooster Road,
 Cincinnati, Ohio 45226
 Plants: Camp Dennison, Cleves, Fairfield, Miamitown,
 Morrow, Newtown and Ross, Ohio

Sand and Gravel

Water & Waste Treatment Department

General Offices: One Oliver Plaza, Pittsburgh, Pa. 15222

 Water and waste systems, process water treatment, pollution control and waste water
 reclamation: systems analysis, engineering, design, construction, supervision and operation.
 Roll coolant, strip lubrication and mill lubrication systems. Custom and packaged diffused
 air sewage treatment plants.

Dravo of Canada Limited
Dravo Construction Ltd.

General Offices: Dominion Centre, Toronto 1, Ont.

Dravo Pty. Ltd.

 General Offices: P. O. Box 130, Standards House,
 80-86 Arthur Street, North Sydney, N. S. W. 2060
 Offices: West Perth, Western Australia

 All products and services listed on this page except those of the aggregate-producing and
 transportation groups and Dravo-Doyle Company.

Dravo-Doyle Company

 General Offices & Yard: 2601 Preble Avenue,
 Pittsburgh, Pa. 15233
 Offices: Cleveland

 Industrial machinery,
 equipment

 Sale and rental of new and
 used construction
 equipment

Gibbs & Hill, Inc.

 General Offices: 393 Seventh Avenue,
 New York, N.Y. 10001

Offices: Boston, Madrid, Milan, Omaha, Paris, Washington, D.C.

 Consulting services for nuclear, fossil and hydroelectric power plants; electric transmission;
 railroad electrification and rapid transit; water and waste treatment facilities for government
 agencies and industry; and systems engineering: planning, reports, engineering and design,
 construction, supervision.

Hastings Industries, Inc.

 General Offices: 3215 Leavenworth Street
 Omaha, Neb. 68105
 Plants: Hastings, Neb.

 Gas unit heaters
 Gas duct furnaces
 Air handling units

 Direct-fired make-up
 air systems
 Indirect-fired make-up
 air systems

 Gas power burners
 Heating-ventilating systems
 Air conditioning systems

Potomac Sand and Gravel Company

 General Offices: 3020 K Street, N.W.,
 Washington, D.C. 20007

 River sand and gravel
 Crushed stone

Union Barge Line Corporation
Southern Transfer Company

 General Offices: One Oliver Plaza, Pittsburgh, Pa. 15222
 Offices: Houston, Memphis, New Orleans, New York, St. Louis
 Terminal: Memphis

 Common and contract movement of freight on the Mississippi River System, Gulf Intracoastal
 Waterway, and tributary and connecting waterways.

Open storage and handling of general commodities.

Zeni-McKinney-Williams Corporation

General Offices: Neville Island, Pittsburgh, Pa. 15225

 Shafts, slopes, tunnels
 Related underground
 construction

 Large hole rock boring for
 shafts and tunnels

 Related plant site
 construction

General Offices	Dravo Corporation One Oliver Plaza, Pittsburgh, Pa. 15222 Telephone 412 391-2600
Annual Meeting	The annual Shareholders' Meeting of Dravo Corporation will be held April 24, 1969 at the company's Neville Island Plant, Pittsburgh, Pennsylvania. Formal notice of the meeting and proxy material will be mailed to shareholders about March 28, 1969.
Listing of Securities	New York Stock Exchange
Transfer Agents	Pittsburgh National Bank, Pittsburgh, Pa. Morgan Guaranty Trust Company of New York, New York, N.Y.
Registrars	The Union National Bank of Pittsburgh, Pittsburgh, Pa. Chemical Bank New York Trust Company, New York, N.Y.

